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Oil Patch Industries Ltd.

INTERIM CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

For the Six Months Period
Ending March 31, 1973
(unaudited)

	Comparative	
	1973	1972
Income	\$3,100,127	\$2,133,387
Expenses		
Cost of Sales and other expenses	2,244,840	1,497,302
Interest on long term debt	6,231	4,768
Depreciation	305,187	285,716
	<u>2,556,258</u>	<u>1,787,786</u>
Operating Profit	543,869	345,601
Provision for Income Tax		
Current	220,873	174,100
Deferred	51,063	(8,300)
	<u>271,936</u>	<u>165,800</u>
Net Earnings	271,933	179,801
Retained earnings at beginning of year	1,139,285	891,969
Retained earnings at end of period	\$1,411,218	\$1,071,770
Net earnings per share	29.8c	20c

OIL PATCH INDUSTRIES LTD.
P.O. BOX 4080 — EDMONTON, ALBERTA



EDMONTON
ALBERTA, CANADA

INTERIM REPORT

For the Six Months Period
Ending March 31, 1973

TO OUR SHAREHOLDERS:

Your Board of Directors is pleased to report that the progress so evident in our last fiscal year has continued this year. Profit per share for the first six months is 29.8c as compared with 20c for the similar period last year. We expect that a similar degree of progress will be shown during the latter half of our fiscal year although as you are well aware, the bulk of our profits are attained in the first six months.

Exploration and development activity continues at a pace about 20% ahead of the corresponding period last year and we expect this degree of activity to continue for the foreseeable future.

Our original divisions, Shop, Rental and Equipment Sales, have all had a satisfactory experience with rental volume attaining an all time high. Our Equipment Sales Division is contemplating the addition of other lines and we hope to be able to say more about this in our annual report.

Our new 80% owned subsidiary Pembina Meter Service Ltd., has obtained a number of new lines and has expanded its sales effort. Our newly created sales subsidiary Northwest Tool Ltd., is now getting into stride although it has been somewhat hampered by a shortage of equipment. We are in the process of arranging to produce part of their lines in our own shop and expect their volume to increase sharply when this has been accomplished. Cougar Tool Co. Ltd., has had a very rapid growth in volume and profit in the first six months and has just begun to do business outside of Canada. They have applied for patents on and have begun to produce a new tool called the Cougar Cub Stabilizer. This tool, a non rotating stabilizer, has received a good reception in the industry and we expect will increase Cougar's volume significantly. They are in the process of developing additional down hole tools, some of which should be available in the next few months.

Since the end of our half year our bankers have agreed in principle to a \$2,000,000 ten year loan which should be processed shortly. This will place us in a very satisfactory liquid position and should enable us to continue our program of acquisition and expansion with little or no dilution of equity.

On Feb. 14th, 1973, Mr. F. Newton Hughes was appointed President and Chief Executive Officer and elected a Director. At the same time Mr. Barron Ulmer Kidd resigned as a Director as we are limited by our Charter to seven Directors. Mr. Hughes brings to the company a background in marketing and finance that should be very useful during the growth period we see ahead of us.

Mr. Barron Kidd remains as Chairman of the Board and Mr. D. L. Chandler assumed the position of Vice-Chairman. In this position he will be able to concentrate more of his time on the actual buying and selling of equipment for the rental and sales divisions.

Respectfully submitted on
behalf of the Board,
D. L. CHANDLER,
Vice Chairman

Oil Patch Industries Ltd.

INTERIM CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Six Months Period

Ending March 31, 1973

(unaudited)

	Comparative	
	1973	1972
Source of Funds		
Net earnings after taxes	\$ 271,933	\$179,801
Non-cash charges		
Depreciation	305,187	285,716
Accrued charges	56,935	46,905
	634,055	512,422
Sale of fixed assets	74,124	109,196
Bank loans	1,154,706	199,167
	1,862,885	820,785
Application of Funds		
Purchase of subsidiary and patents	261,539	295,000
Reduction of long term debt	2,804	2,223
Fixed assets purchased	843,826	465,302
	1,108,169	762,525
Increase (decrease) in working capital for this period	754,716	\$ 58,260
Working capital at beginning of year	(53,813)	688,616
Working capital at end of period	\$ 700,903	\$746,876